GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3416
ANSWERED ON:04.08.2017
Impact of GST on State Incentives to Industries
Galla Shri Jayadev

Will the Minister of FINANCE be pleased to state:

(a) whether there is no clarity in Goods and Services Tax about the various incentives etc. given by the States for setting up of industries/companies in their States and if so, the details thereof and the reasons therefor;

(b) whether representations have been made by various industries and companies seeking clarification from the GST Council and his Ministry in this regard; and

(c) if so, the response of the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

Part (a) (b) and (c): Requests have been received for continuation of area based exemption under GST. In this regard, Article 279A (4) of the amended Constitution empowers, Goods and Services Tax Council to make recommendations to the Union and the State Governments on the goods and services that may be subjected or exempted from GST and the GST rates.
The Goods and Services Tax Council, after detailed deliberations and on basis of consensus, in its meeting held on 30.09.2016 had decided that all entities exempted from payment of indirect tax under any existing tax incentive schemes of Central or State Governments shall not continue under the GST regime and the existing units shall pay tax in the GST regime. The Council left it to the discretion of Central and State Governments to notify schemes of budgetary support to such units.
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